

Reported Recommending
Ind. Postponed.....
Passed House
Failed to Pass House.....
Passed Senate
Failed to Pass Senate.....

House File 424

February 22, 1945.
Banks and Banking.

By CARLSON.

A BILL FOR

An Act to amend Section

nine thousand five hundred ninety-seven (9597)
Code, 1939, extending the time for decision on
accepting or rejecting a negotiable instrument.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 Section 1. Section nine thousand five hundred
- 2 ninety-seven (9597) Code, 1939, is hereby amended
- 3 by striking from line one (1) the words "twenty-
- 4 four hours" and inserting in lieu thereof the words
- 5 "until the end of the next business day".

EXPLANATION OF H. F. 424

Section 9597 of the Code, 1939, reads as follows:

"9597. Time allowed drawee to accept. The drawee is allowed twenty-four hours after presentment in which to decide whether or not he will accept the bill; but the acceptance, if given, dates as of the day of presentation."

It is well known that banks, for instance, receive many checks in the morning hours when the mail is then delivered to a representative of a bank. Ordinarily this may be 8 or 8:30 in the morning although other items will arrive later in the day, depending on the additional mail deliveries. It will be seen that Section 9597 of the Code gives the bank just twenty-four hours from the hour received to return the item if payment is rejected. This proposed bill would merely extend the time to the end of that business day on which the twenty-four hour period might otherwise end. For example, if an item were received by a bank in the morning mail, say at 8 A. M., under the present law (Section 9597), the bank would have until 8 o'clock the next morning to return the item if payment is refused. This proposed bill would merely extend the time from 8 o'clock that second morning to the end of that same business day. This bill would be of great help to bank clearing houses.